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Attorneys for Intervenor IBEW Local 387

**BEFORE THE ARIZONA  
CORPORATION COMMISSION**

IN THE MATTER OF THE  
APPLICATION OF ARIZONA WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY, AND FOR  
ADJUSTMENTS TO ITS RATES AND  
CHARGES FOR UTILITY SERVICE  
AND FOR CERTAIN RELATED  
APPROVALS BASED THEREON.

Docket No. W-01445A-08-0440

**INTERVENOR IBEW LOCAL  
387'S POST-HEARING BRIEF**

Pursuant to the directive of Assistant Chief Administrative Law Judge Dwight D. Nides, Intervenor Local Union 387, International Brotherhood of Electrical Workers, AFL-CIO, CLC ("IBEW Local 387" or "the Union"), by and through undersigned counsel, hereby submits its Post-Hearing Brief in this docket.

**I. IBEW LOCAL 387 SUPPORTS ARIZONA WATER COMPANY'S  
PROPOSED RATE INCREASE.**

IBEW Local 387 supports Arizona Water Company's ("Arizona Water" or "the Company") request for a rate hike.<sup>1</sup> Among other reasons, the Union believes that such a

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<sup>1</sup> At the time of the filing of the Direct Testimony of Edwin L. Junas, Jr., on June 25, 2009, the Union, in addition to expressing its support for Arizona Water's application for a rate hike, noted that "AWC needs to undertake a sustained effort to improve its relationship with the certified bargaining representative of a large portion of its non-managerial workforce" (p. 3). The Union wishes to acknowledge that, since that time, Arizona Water appears to have embraced this suggestion. In the Union's estimation, Arizona Water has made some significant strides in developing its relationship with the Union and in actively engaging and working with the Union

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1 rate hike is necessary to ensure that Arizona Water is able to offer a highly-competitive  
2 employment package to prospective employees and can develop, provide continuing  
3 training for, and retain existing skilled and experienced workers with a view to continuing  
4 to provide safe and reliable service to customers (Direct Testimony of Edwin L. Junas, Jr.  
5 (June 25, 2009), 4:19 – 6:2; Tr. 664:18 – 665:24; 666:8-25; 668:1-25; 669:4-21). Such an  
6 ability to attract and retain employees is particularly important with regard to specialized  
7 positions. The operation of Arizona Water’s new arsenic treatment plants requires the  
8 hiring and retention of employees with special qualifications, certifications, years of  
9 experience, and continuing training as well as an attendant investment on the part of the  
10 Company (Tr. 668:8-17; 75:23 – 78:25).

11 It is furthermore essential that Arizona Water receives appropriate funding for  
12 employment-related costs in light of the recent layoffs at the Company and the  
13 Company’s ongoing obligations to provide water service (Tr. 71:23 – 72:16). More  
14 specifically, even though the Company now has fewer employees, there nevertheless  
15 exists an undiminished need to operate and maintain systems and infrastructure in order to  
16 ensure the uninterrupted provision of service to both current and future customers (Tr.  
17 71:23 – 74:10). For these and other reasons advanced during the hearing in this matter,  
18 the Union requests that the Commission grant the rate relief sought by the Company.

19 **II. IBEW LOCAL 387 ENDORSES THE COMPANY’S PROPOSED**  
20 **CONSOLIDATION OF WATER SYSTEMS FOR RATE-MAKING**  
21 **PURPOSES.**

22 As a part of its application for rate relief, Arizona Water proposes the  
23 consolidation of a number of its water systems for rate-making purposes. IBEW Local

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24 in a constructive, rather than a needlessly adversarial, manner. IBEW Local 387 believes that the  
25 long-term development of a functional and respectful relationship between the Union and  
26 Arizona Water ultimately redounds to the benefit of customers in the form of a more stable and  
27 efficient public service company and an enhanced ability to provide safe and reliable service.  
(See, e.g., Direct Testimony of Edwin L. Junas, Jr., 7:6-17 (noting how a company and its  
28 employees can work together to “identify inefficiencies and problems”); Tr. 667:8 – 668:17).

1 387 believes this approach offers several significant advantages and is moreover  
2 consistent with the realities of the employees' current work arrangement.

3 First, the systems are functionally interrelated, and employees who work at or in  
4 the vicinity of one facility or site frequently travel to and work on several of the  
5 Company's other water systems (Direct Testimony of Edwin L. Junas, Jr. (June 25, 2009),  
6 10:9-24; Tr. 74:11 – 75:16; 664:18 – 665:24; 666:8-25). Accordingly, the consolidation  
7 of the water systems for rate-making purposes would lead to the establishment of a  
8 regime more in line with and more closely approximating the current realities of the  
9 Company's integrated operations.

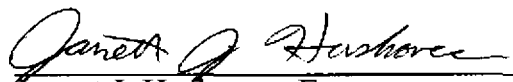
10 Second, there is a real and substantial cost associated with maintaining the status  
11 quo and foregoing the opportunity to consolidate systems for rate-making purposes.  
12 Under the current approach, Arizona Water must keep track of the time employees spend  
13 working on various water systems, each of which has its own associated rate, for purposes  
14 of administrative compliance and for rate-making purposes (Tr. 182:6 – 183:2). During  
15 the workday, employees of the Company are obligated to create and maintain time records  
16 indicating, to the extent possible, the water systems on which they have worked (Tr.  
17 183:8-13). These records are then handed off to other employees for further processing  
18 and tabulation (Tr. 183:14-18). Over any length of time, costs associated with such  
19 record keeping can become quite significant (Tr. 183:19-24). If the systems were  
20 consolidated, then the Company could effectively charge all of the employees' time to  
21 one rate system, although some separate accounts would still exist for certain purposes  
22 (Tr. 183:25 – 184:12).

### 23 **III. CONCLUSION**

24 For the foregoing reasons, IBEW Local 387 respectfully requests that the  
25 Commission approve Arizona Water's application for a rate increase and adopt the  
26 Company's proposal concerning consolidation of water systems.  
27  
28

1 RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of October, 2009.

2 LUBIN & ENOCH, P.C.

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4 

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7 Original and thirteen (13) copies  
8 of IBEW Local 387's Post-Hearing Brief  
filed this 14<sup>th</sup> day of October, 2009, with:

9 Arizona Corporation Commission  
10 Docket Control Center  
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11 Copies of the foregoing  
12 transmitted electronically  
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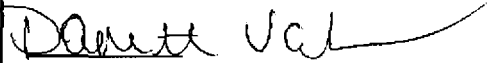
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